

CITY RESCUE MISSION, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020



Independent Auditors' Report

To the Board of Directors
City Rescue Mission, Inc.

Opinion

We have audited the accompanying financial statements of City Rescue Mission, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of City Rescue Mission, Inc. as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City Rescue Mission, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City Rescue Mission, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report

that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City Rescue Mission, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City Rescue Mission, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CPAOKC, PLLC

Oklahoma City, Oklahoma

May 10, 2022

CITY RESCUE MISSION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31,

	2021	2020
ASSETS		
Cash and cash equivalents (Note A)	\$ 1,451,425	\$ 2,375,822
Cash reserve for replacement - board restricted (Note B)	400,000	320,000
Grant receivable	54,670	-
Miscellaneous receivables	-	25,808
Inventory	87,001	112,128
Prepaid expenses	155,810	149,978
Property, plant, and equipment, net (Note C)	7,557,414	6,461,842
TOTAL ASSETS	\$ 9,706,320	\$ 9,445,578
LIABILITIES		
Accounts payable	\$ 140,897	\$ 204,029
Accrued expenses	2,541	64,478
TOTAL LIABILITIES	143,438	268,507
NET ASSETS		
Without donor restrictions:		
Undesignated	8,866,491	7,286,460
Board designated (Note B)	400,000	320,000
	9,266,491	7,606,460
With donor restrictions (Note B)	296,391	1,570,611
TOTAL NET ASSETS	9,562,882	9,177,071
TOTAL LIABILITIES AND NET ASSETS	\$ 9,706,320	\$ 9,445,578

The accompanying notes are an integral part of these financial statements.

CITY RESCUE MISSION, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31

	2021			2020		
	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
SUPPORT AND REVENUE (Note A)						
Contributions	\$ 5,196,208	\$ 81,814	\$ 5,278,022	\$ 4,495,669	\$ 360,950	\$ 4,856,619
Grant Revenue (Note D)	179,625	496,312	675,937	184,500	856,982	1,041,482
In-kind contributions	1,888,328	-	1,888,328	1,487,113	-	1,487,113
Miscellaneous income	9,662	-	9,662	10,747	-	10,747
Interest income	1,122	-	1,122	5,099	-	5,099
Gain on sale of assets	14,023	-	14,023	15,272	-	15,272
Net assets released from restrictions:						
Satisfaction of program restrictions	1,852,346	(1,852,346)	-	281,824	(281,824)	-
Total net assets released from restrictions	1,852,346	(1,852,346)	-	281,824	(281,824)	-
Total support and revenue	9,141,314	(1,274,220)	7,867,094	6,480,224	936,108	7,416,332
EXPENSES (Note E)						
Program services	4,974,813	-	4,974,813	3,899,701	-	3,899,701
General and administrative	422,743	-	422,743	385,147	-	385,147
Fundraising	1,310,446	-	1,310,446	1,461,295	-	1,461,295
Community education and volunteer recruitment	208,486	-	208,486	112,337	-	112,337
Depreciation and amortization expense	564,795	-	564,795	593,869	-	593,869
Total expenses	7,481,283	-	7,481,283	6,452,349	-	6,452,349
PPP LOAN DEBT FORGIVENESS	-	-	-	376,000	-	376,000
CHANGE IN NET ASSETS	1,660,031	(1,274,220)	385,811	403,875	936,108	1,339,983
NET ASSETS AT BEGINNING OF YEAR	7,606,460	1,570,611	9,177,071	7,202,585	634,503	7,837,088
NET ASSETS AT END OF YEAR	\$ 9,266,491	\$ 296,391	\$ 9,562,882	\$ 7,606,460	\$ 1,570,611	\$ 9,177,071

The accompanying notes are an integral part of these financial statements.

CITY RESCUE MISSION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 385,811	\$ 1,339,983
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	564,795	593,869
Gain on sale of assets	(14,023)	(15,272)
PPP loan debt forgiveness	-	(376,000)
(Increase) decrease in:		
Receivables	(28,862)	(25,352)
Inventory	25,127	30,376
Prepaid expenses	(5,832)	(1,307)
Increase (decrease) in:		
Accounts payable and accrued expenses	(125,069)	(71,878)
Net cash provided by operating activities	801,947	1,474,419
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net acquisition of property and equipment	(1,646,344)	(225,781)
Net cash used in investing activities	(1,646,344)	(225,781)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Paycheck protection loan proceeds	-	376,000
Net cash provided by financing activities	-	376,000
Net increase (decrease) in cash	(844,397)	1,624,638
Cash and cash equivalents at beginning of year	2,695,822	1,071,184
Cash and cash equivalents at end of year	\$ 1,851,425	\$ 2,695,822
Interest paid in cash	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Description of the Organization

The City Rescue Mission, Inc. was incorporated in 1961 as a not-for-profit organization to serve those experiencing homelessness in the Oklahoma City metro area. City Rescue Mission offers a clean, safe, temporary place to stay and successful programs and services to help people transform their lives and end their homelessness.

Note A - Summary of Significant Accounting Policies

The Organization relies on charitable contributions from individuals, corporations, foundations and other not-for-profit entities to fund the services provided to the homeless population of Oklahoma City. Contributions are recognized as revenue when cash or non-cash gifts are received that do not require the Organization to transfer goods or services to the donor.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Inventory is stated at the estimated fair market value as of the date of donation or purchase. All expenditures for land, building, and equipment in excess of \$1,000 are capitalized; the fair value of donated fixed assets is similarly capitalized. Maintenance and repairs are expensed. Depreciation is provided on the straight-line method over the estimated useful lives of the assets, ranging from three to thirty-one years.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

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CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note A - Summary of Significant Accounting Policies, continued

The estimated fair market value of in-kind contributions are reported as support and expensed in the period in which the donations are received.

For the purpose of the statement of cash flows, the organization considers all highly-liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents may include certificates of deposit and commercial paper. The Organization has funds on deposit at a local bank in insured sweep accounts covered by FDIC insurance up to \$250,000. Uninsured funds on deposit total approximately \$540,000 and \$325,000 as of December 31, 2021 and 2020, respectively.

The Organization is organized as a not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and, as such pays no income taxes, but is required to file a Federal form 990 with the Internal Revenue Service and Oklahoma State form 512E. The Organization has evaluated its status as a 501(c) (3) entity and does not believe this represents an uncertain tax position but believes this position would be upheld upon examination. The Organization is not aware of any additional tax positions that would not be upheld upon examination by tax authorities. Tax years 2018-2021 remain open to examination.

Note B - Temporarily Restricted Net Assets

Temporarily restricted net assets as of December 31, 2021 include funds designated for the following:

Dental services	\$ 131,160
Housing	324
Rise Café	13,282
Parking lot	26,625
Culinary Vocational Program at Rise Café	<u>125,000</u>
	<u>\$ 296,391</u>

Temporarily restricted net assets as of December 31, 2020 include funds designated for the following:

Dental services	\$ 99,990
Kitchen remodel	1,316,503
Housing	25,000
Other miscellaneous	<u>129,118</u>
	<u>\$1,570,611</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note B - Temporarily Restricted Net Assets, continued

The Organization’s board of directors made a voluntary resolution to establish a reserve for replacement in the amount of \$400,000 and \$320,000 in 2021 and 2020, respectively, to pay for major repairs and maintenance. This reserve is not included in the above temporarily restricted net assets because the asset is not donor restricted.

Note C - Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation of buildings and equipment is provided on a straight-line basis over the estimated useful lives of the assets. The basis of such assets as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Furniture, fixtures & equipment	\$1,438,532	\$1,220,924
Vehicles	83,490	104,085
Land and improvements	736,889	736,889
Buildings and improvements	<u>13,306,206</u>	<u>11,848,686</u>
Total	15,565,117	13,910,584
Less accumulated depreciation	<u>8,007,703</u>	<u>7,448,742</u>
Net property, plant, and equipment	<u>\$7,557,414</u>	<u>\$6,461,842</u>

Note D – Grant Revenue

The Organization received grants from Delta Dental in the amount of \$40,000 and \$38,000 for the years ended December 31, 2021 and 2020, respectively, to provide dental services to its clients.

During the year ended 2021, the Organization received \$125,000 in grants from various foundations for the commencement of a culinary/vocational program that will provide hands-on job skills training and job placement services to its clients.

The Organization received \$331,312 in ESG-CV Cares Act Funding from the City of Oklahoma City during 2021. The intention of ESG-CV funds is to serve people experiencing homelessness and/or at risk of homelessness impacted by COVID-19 through street outreach, emergency shelter, rapid re-housing, and homelessness prevention.

The organization received \$179,625 in grants from various foundations for general operations during the year ended December 31, 2021.

The Organization received \$793,982 grants from various foundations for the kitchen remodeling project and \$209,500 for general operations during the year ended December 31, 2020.

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 and 2020

Note E - Expenses

Expenses incurred for the year ended December 31, 2021:

	TOTAL EXPENSES	Compensation Salaries, Taxes and Benefits	Occupancy Utilities, Rent, Insurance, Security	Food & Clothing Health & Welfare Supplies	Services Telephones, Computer, Insurance, Advertising Consulting, Printing, Fees	Transportation Fuel and vehicle maintenance	Staff Development Training	Other
PROGRAMS:								
Emergency Services	\$ 689,514	\$ 258,026	\$ 63,274	\$ 316,628	\$ 38,657	\$ 6,718	\$ 6,211	\$ -
Program Services	3,907,246	1,462,150	358,553	1,794,223	219,056	38,066	35,198	-
Social Services	378,053	107,342	35,251	530	220,391	14,539	-	-
	<u>4,974,813</u>	<u>1,827,518</u>	<u>457,078</u>	<u>2,111,381</u>	<u>478,104</u>	<u>59,323</u>	<u>41,409</u>	<u>-</u>
Administrative	422,743	236,408	8,145	8,027	167,963	91	2,109	-
Fundraising	1,310,446	291,852	5,370	11,541	991,770	177	9,736	-
Community Education	208,486	-	-	-	208,486	-	-	-
Depreciation	564,795	-	-	-	-	-	-	564,795
	<u>2,506,470</u>	<u>528,260</u>	<u>13,515</u>	<u>19,568</u>	<u>1,368,219</u>	<u>268</u>	<u>11,845</u>	<u>564,795</u>
	<u>\$ 7,481,283</u>	<u>\$ 2,355,778</u>	<u>\$ 470,593</u>	<u>\$ 2,130,949</u>	<u>\$ 1,846,323</u>	<u>\$ 59,591</u>	<u>\$ 53,254</u>	<u>\$ 564,795</u>

Expenses incurred for the year ended December 31, 2020:

	TOTAL EXPENSES	Compensation Salaries, Taxes and Benefits	Occupancy Utilities, Rent, Insurance, Security	Food & Clothing Health & Welfare Supplies	Services Telephones, Computer, Insurance, Advertising Consulting, Printing, Fees	Transportation Fuel and vehicle maintenance	Staff Development Training	Other
PROGRAMS:								
Emergency Services	\$ 574,717	\$ 241,049	\$ 61,061	\$ 250,152	\$ 15,182	\$ 3,959	\$ 3,314	\$ -
Program Services	3,256,733	1,365,949	346,015	1,417,526	86,031	22,432	18,780	-
Social Services	68,251	-	47,558	52	20,641	-	-	-
	<u>3,899,701</u>	<u>1,606,998</u>	<u>454,634</u>	<u>1,667,730</u>	<u>121,854</u>	<u>26,391</u>	<u>22,094</u>	<u>-</u>
Administrative	385,147	226,272	9,124	9,402	136,758	117	3,474	-
Fundraising	1,461,295	439,900	6,303	8,265	1,000,030	-	6,797	-
Community Education	112,337	-	-	-	112,337	-	-	-
Depreciation	593,869	-	-	-	-	-	-	593,869
	<u>2,552,648</u>	<u>666,172</u>	<u>15,427</u>	<u>17,667</u>	<u>1,249,125</u>	<u>117</u>	<u>10,271</u>	<u>593,869</u>
	<u>\$ 6,452,349</u>	<u>\$ 2,273,170</u>	<u>\$ 470,061</u>	<u>\$ 1,685,397</u>	<u>\$ 1,370,979</u>	<u>\$ 26,508</u>	<u>\$ 32,365</u>	<u>\$ 593,869</u>

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note F – Commitments and Contingencies

The Organization entered into a contract with Federal Home Loan Bank of San Francisco (“FHLB”) for matching funds to renovate and expand the Organization’s homeless housing capabilities. The contract provided for a \$1.5 million grant in return for providing housing for the homeless population of Oklahoma City for a period of fifteen years. Certain capital improvement expenditure milestones occurred to receive the grant in two payments of \$750,000 each. At June 30, 2012, the Organization had met the expenditure requirement to receive all of the \$1.5 million. If the terms and conditions of the contract are not met by the Organization, the \$1.5 million grant must be repaid to the FHLB of San Francisco.

The Organization entered into a contract on May 21, 2013 with Federal Home Loan Bank of Topeka for a \$400,000 subsidy to rehabilitate property purchased to house homeless men under the Affordable Housing Program (“AHP”). The property must remain occupied for fifteen years from the date of completion of the project and be affordable for households with incomes at or below the levels committed to be served in the AHP application. If the terms and conditions of the contract are not met by the Organization the \$400,000 subsidy must be repaid to the FHLB of Topeka.

As the Organization has been continuously providing shelter for the homeless since 1961 it is unlikely the Organization will not meet the above contracts’ terms and conditions.

Note G – Risks and Uncertainties

The Organization is subject to threatened litigation in the normal course of operations. All liability incidents involving the Organization are handled by their insurance carrier. There are no pending or threatened lawsuits.

Note H - Statistical Information (unaudited)

The following service statistics are available for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Number of meals served	119,708	167,346
Number of nights men lodged	32,473	77,409
Number of nights women lodged	24,766	58,421
Number of nights children lodged	8,646	21,009
Unique homeless individuals receiving shelter services	1,814	3,337
Percentage of people successfully exiting homelessness	90%	92%
Average number of clients served per month	157	280

CITY RESCUE MISSION, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note I – Subsequent Events

Management has evaluated subsequent events through May 10, 2022 which represents the date the financial statements are issued.

There are no items which required adjustment in the accompanying financial statements as of December 31, 2021.